

October 18, 2007: Thornberry Says Insure Low Income Kids First

Votes To Sustain President's Veto, Cosponsors Alternative Children's Health Bill

Washington, DC - Congressman Mac Thornberry (TX-13) today voted to sustain the President's veto of a bill to drastically expand the State Children's Health Insurance Program (SCHIP). "I hope that by sustaining the President's veto we can set the stage for the passage of a bill focused where it should be - on insuring low-income children," said Thornberry. "I voted for the legislation that created the original SCHIP program, and I am an original cosponsor of the More Children, More Choices Act of 2007 to make sure that our nation's children are receiving the health care they need and deserve."

The bill Congressman Thornberry is cosponsoring includes provisions to:

- Fully reauthorize the current SCHIP, covering those with incomes at or below 200% of the federal poverty level as originally intended by the program.
- Keep the focus on insuring low income children by requiring states to cover 90% of eligible low income children before the program could be expanded.
- Offer refundable and "advanceable" tax credits to those families between 200%-300% of the federal poverty level to help them purchase the coverage that best meets their needs.
- Create a Commission to give grants to states with the most innovative solutions to covering their state's uninsured.

"Recognizing that a one-size-fits-all solution has not worked in the past, it is important to provide states and parents with multiple alternatives, but we must keep our focus on the original goal of this program; insuring low income kids," concluded Congressman Thornberry. "Congress voted to sustain the President's veto, now it is time to put political posturing aside and pass a bill to do that."

Background

SCHIP was created in 1997 to help state governments provide health insurance for children in families that made too much money to qualify for Medicaid, but still had trouble paying for health insurance. The federal government generally pays 70% of the cost of the insurance, while the state pays the remaining 30%.

The Congressional Budget Office estimates that of the 5.8 million children who are provided public coverage, 2 million -- 35 percent -- would otherwise have had private insurance. The effect is estimated to be higher, 50 percent, for the 1.2 million newly eligible under the bill the President vetoed.

Thornberry is an original cosponsor of HR 3584, the SCHIP Extension Act of 2007, an alternative SCHIP bill, the More Children, More Choices Act of 2007, and voted for the 1997 bill creating the program.

-30-

More Children, More Choices Act

Section-by-Section Summary

Section 101 - Requiring Outreach and Coverage before Expansion of Eligibility

- State Plans shall include documentation that demonstrates how the State's SCHIP eligibility criteria and benefits package will allow the State's annual funding allotment to cover at least 90% of the SCHIP eligible children and pregnant women in the State.
- Prohibits States from providing coverage to newly enrolled children and pregnant women with family incomes above 200% if a State is unable to demonstrate enrollment of 90% or more eligible children (including Medicaid and SCHIP).
- HHS Secretary makes the determination of State's percentage of eligible children enrolled in either Medicaid or SCHIP on an annual basis.
- Individuals currently enrolled in the program are to be considered grandfathered in SCHIP. States will continue to receive EFMAP for these enrollees so long as the CMS-approved waiver remains active. Provides allowances for implementation with regard to State legislative calendars.

Section 102 - Application of Citizenship Documentation Requirements; Increased Federal Matching Rate for Citizenship Documentation Enforcement

Under Medicaid and SCHIP

- Applies Section 6036 of the Deficit Reduction Act of 2005 - "Improved Enforcement of Documentation Requirements" - to all SCHIP beneficiaries except for pregnant women seeking coverage through 42 CFR 457.10.
- Pregnant women would only have to provide documentation of personal identity as described in Section 274A(b)(1)(D) of the Immigration and Nationality Act or any other documentation of personal identity of such other type as the Secretary finds, by regulation, provides a reliable means of identification.
- The Federal share of any administrative costs incurred by the States shall be increased from 50% to 75% for the period between July 1, 2006, and September 30, 2008. This provision allows that retroactive payments can be made to the States.

Section 103 - Limitations on Eligibility Based on Net Assets Exceeding \$500,000

- Individuals in families with over \$500,000 in net assets would be ineligible for SCHIP.
- States are to collect a signed form from all applicants attesting, under penalty of perjury, that they do not have net assets in excess of this total. This form shall be developed by the Secretary
- The Secretary can elect to increase this cap, beginning with 2013, from year to year based on the percentage increase in the consumer price index for all urban consumers (all items; United States city average), rounded to the nearest \$1,000.

Section 104 - Clarification of State Authorities

Nothing in this title shall be construed as preventing a State SCHIP program from doing any of the following:

- From using waiting periods and other tools to prevent crowding out private-sector insurance coverage.
- From cooperating or contracting with private sector providers and plans in order to provide care to targeted low-income children.
- From providing medical benefits for individuals who are not targeted low-income children with State funds.

Section 105 - Easing Administrative Barriers to State Cooperation with Employer-Sponsored Insurance (ESI)

- Amends Section 2102(a) of SSA, requiring States to now include pathways for premium assistance for employer sponsored insurance as part of the State plan.
- States are required to offer some form of employer-sponsored coverage for SCHIP beneficiaries, and the States are required to submit details for how this program will work in their annual State Plan.
- Waives the statutory cost-effectiveness test as outlined in 2105(c)(3)(A)

- Waives any minimum benefit requirements, including the SCHIP benchmark benefit requirements, except for those mentioned in Section 2102(a)(7) [vaccines, well baby care, ER services]
- Waives any limits on beneficiary cost-sharing provided in Title XIX or Title XXI
- The amount of the Federal share of all payments and any additional benefit wrap-around provided by the State is capped at the national per capita expenditure for the previous fiscal year (as determined by the Secretary using the best available data) multiplied by the EFMAP rate for the State. Any additional costs are to be the responsibility of the State.
- The decision to participate in this program must remain with the beneficiary and his or her parent or guardian. The State cannot require anyone enroll in this program.
- In order to assist the parents or guardians in making an informed decision about which option is best for their child, States must make available information about the standard State SCHIP plan, including the coverage benefits and any cost-sharing requirements. States are also eligible to receive federal financial participation for any expenses related to assisting the parents or guardians in making an informed decision regarding the premium assistance coverage option.
- At least once every six months, States are required to collect proof from the entity receiving the payment that the child is indeed enrolled in credible healthcare coverage.
- Unless provided by the employer-sponsored coverage, the State must provide the benefits mentioned in Section 2102(a)(7) via a State-provided wrap-around.

This section also contains a rule of construction providing that nothing in this section is to be construed to prohibit a State from:

-
- Offering wrap-around benefits in order for the employer-sponsored plan to meet any State-established minimum benefit requirements.
- Establishing a cost-effectiveness test.
- Establishing limits on beneficiary cost-sharing.
- Paying all or part of a beneficiary's cost-sharing requirements.
- Paying less than the full cost of the employee's share of the insurance premium, including prorating the cost of the premium to pay for only what the State determines is the portion of the premium that covers children.
- Using State funds to pay for benefits above the Federal upper limit on reimbursement.
- Allowing beneficiaries enrolled in employer-sponsored plans to change plans and rejoin the standard State SCHIP plan at any time.
- Providing any guidance or information it deems appropriate in order to help beneficiaries make an informed decision regarding the option to enroll in the premium assistance coverage option.

Section 106 - Improving Beneficiary Choice in SCHIP

-

Beginning in FY2009, States must allow SCHIP beneficiaries and their parents to choose the healthcare coverage option that best fits their needs by allowing them to select from a list of qualified health insurance plans that have opted to provide SCHIP coverage in the State.

-

States will establish a uniform monthly payment rate for these alternative coverage option plans that must be at least 90% of the per capita monthly cost of the State's standard SCHIP plan.

-

After establishing this monthly payment rate, the State must allow any willing health insurance plan that is licensed in the State and meets the federal SCHIP benefit requirements to participate as an alternative SCHIP coverage option in the State.

-

In order to provide SCHIP beneficiaries with options for higher-quality healthcare coverage, States may allow plans that are more expensive than the uniform monthly payment rate to participate as a coverage option by allowing the SCHIP beneficiary to pay the additional premium costs for this higher-quality plan.

-

The decision on which healthcare coverage plan to choose must remain with the beneficiary and his or her parent or guardian.

-

To ensure that SCHIP beneficiaries make fully informed decisions on which option is best for them, States must provide readily available information on the healthcare coverage options available to SCHIP beneficiaries.

-

The amount of the Federal share of all payments provided by the State is capped at the national per capita expenditure for the previous fiscal year (as determined by the Secretary using the best available data) multiplied by the EFMAP rate for the State. Any additional costs are to be the responsibility of the State and/or the SCHIP beneficiary.